
DIGEST

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HB 805 Original

2022 Regular Session

Green

Abstract: Provides for insurance proceeds disbursement plans.

Proposed law provides that a mortgage lender doing business in this state shall have a clear plan outlining the process for disbursement of funds received from an insurer as a result of a major claim on property for which the mortgagor hold a mortgage.

Proposed law provides that a copy of the insurance claim proceeds disbursement plan shall be signed by a mortgagee as part of the mortgage application. Proposed law further provides that a copy of the plan shall be provided to the mortgagee upon request for such.

Proposed law provides that a plan for disbursement of funds required pursuant to proposed law shall include the following:

- (1) A provision providing for the transfer of any interest earned on the funds while in the possession of the mortgagor to the mortgagee.
- (2) A point of contact for the mortgagee to contact regarding an insurance claim.
- (3) A provision providing that all claim proceeds will be used for the repair of the damaged property.
- (4) A provision providing that claim proceeds will not be used to make payment toward the principal, interest, or fees associated with the mortgage, unless the mortgagee requests such in writing.
- (5) A process through which the mortgagee can appeal a decision of the mortgagor that is preventing or delaying the mortgagee from making repairs to the property in a timely manner.
- (6) A provision wherein the mortgagor accepts and admits liability for any damages caused by the mortgagor withholding insurance claim proceeds, if the mortgagor withholds the proceeds in bad faith.

(Adds R.S. 6:339)